



**OFFICE OF THE GOVERNOR
BRUCE RAUNER**

Response to Questions on the Status of Negotiations with AFSCME

Q: After last Friday, the Governor said he did not declare impasse and wants to keep negotiating. What has changed since last Friday?

A: The Governor's point was simple. We would love to continue negotiating if it meant we could reach a deal with AFSCME. AFSCME's actions at the bargaining table and their comments over the last week are strong evidence why further negotiation is no longer worthwhile. While the Governor has indicated he now shares the views of his bargaining team that the parties are at an impasse, today's action simply asks the Labor Board to resolve this dispute.

Since last Friday, the Governor has been analyzing whether this dispute about the impasse should be submitted to the Labor Board or if the filing is unnecessary since more progress can be made at the negotiating table. While he was considering this question, AFSCME has continued to misinform its members and the public about what happens at negotiations. Just a couple of days ago, AFSCME issued a public statement that they made "a big new offer of its own, to accept Rauner's wage terms for one year, and to pay more (though not as much as Rauner wants) for their health insurance." But here is what they actually proposed. They continued to demand automatic salary increases, belying any notion that they accepted my wage terms for one year. In the first year of the contract, they demanded a \$1000 pensionable stipend instead of the initial demand for 2% additional wage increases. The pensionable stipend would basically be the same thing as a 2% wage increase. In the second year of the contract, they revised their demand from additional 3% wage increase to 2.25%. In years 3 and 4, they remained at the same 3% demand they've had the entire year. And on health insurance, they renewed their proposal to make health insurance even more generous, while offering to pay between \$5 and \$11 more a month for this more expensive plan. Either AFSCME are deliberately misrepresenting their moves as "a big new offer" or they are refusing to accept that their proposal would cost the State money that the State cannot afford. Either way, that's not a reasonable discussion, and the parties would benefit from the Labor Board's resolution of where the parties stand and whether continued negotiations at the table would be beneficial.

In addition, yesterday, AFSCME sent the Governor's bargaining representatives a letter filled with more falsehoods and misleading statements. The most glaring was the faux surprise at the suggestion of impasse. The reality is we have been expressing our frustration and concern to them for many months about their refusal to seriously bargain on the Governor's core proposals.

After analyzing where the parties left the matters a week ago, and considering all the misinformation that AFSCME has been fabricating over the past week, the Governor was left with no choice but to raise with the Labor Board the issue of AFSCME refusing to negotiate in good faith. The Labor Board

will now determine whether the parties are at an impasse, whether they have been negotiating in good faith, whether the Governor has presented a reasonable last, best, and final offer, and whether that offer can be implemented.

Q: Is this a unilateral declaration of impasse by the Governor?

A: No. The tolling agreement that the Governor and AFSCME signed and renewed several times prohibits either side from declaring impasse unilaterally. Today's action does two things. First, it asks the Labor Board to determine that AFSCME has committed an unfair labor practice by bargaining in bad faith. Second, under the tolling agreement, the parties can ask the Labor Board to decide if they are at impasse, but only the Labor Board can make a final determination. All that the Governor did this morning is to ask the Labor Board to determine if AFSCME has been bargaining in bad faith and whether the parties are at an impasse. Since the parties disagree about whether they are at an impasse, the only tribunal that can answer this question is the Labor Board.

Q: During the debate over the arbitration bill, the Governor said it was not necessary because he would always negotiate in good faith. Since AFSCME doesn't think there's an impasse and says it's willing to keep negotiating, why not just keep trying?

A: During the debate over SB 1229, the Governor committed to continue to negotiate in good faith, and he has kept that commitment. At the Governor's initiative, the parties extended indefinitely the tolling agreement that was initially set to expire September 30, 2015. That agreement requires both parties to negotiate in good faith. AFSCME has not been bargaining in good faith. Since the SB 1229 debate, the Governor has made several modifications to his initial proposals in an effort to meet AFSCME's chief concerns - all to no avail. During the session that ended January 8, 2016, AFSCME again rejected the Governor's core proposals. This is what prompted the Governor's representatives to ask whether the wide gap between the parties can be bridged through further negotiations or if the parties were at an impasse. At the end of the session, AFSCME declared that it was not interested in hearing any more from the Governor and had nothing else to say. Indeed, it was AFSCME that had initially agreed to negotiate on January 14-15 if the Governor's representatives could find a location, but then rejected these dates after the location had been secured. Both parties would now benefit from the process of submitting their dispute to the Labor Board, a process to which they voluntarily agreed on three separate occasions over the last year of negotiations.

Q: You successfully vetoed the last arbitration bill (SB1229), but doesn't this move risk a successful passage of the renewed version of the very same bill (HB580)?

A: SB1229 was a huge waste of time, as it further delayed the chance for any productive negotiations. AFSCME has already agreed to let a neutral arbiter decide this dispute – that is the Labor Board. If AFSCME insists that further negotiations would be fruitful, they can now argue this point before the Labor Board, a venue to which they themselves agreed on three separate occasions. A bill to strip the Governor of his constitutional authority is as unnecessary now as it was then. If AFSCME returns to the General Assembly to once more ask to strip this Governor—and only this Governor—of his power to negotiate with employees, then it will be as clear a signal as any that AFSCME has been acting in bad faith all along. As far as the bill itself, there is no reason to expect a different result for the renewed version of the same bad idea that failed to become law the last time. The Governor is confident the General Assembly will once again rebuke AFSCME's wish to replace good faith

negotiations with a rule by an unaccountable and unelected arbitrator. Neither the Governor nor the General Assembly wishes to put a multi-billion dollar decision in the hands of a lone arbitrator.

Q: What happens next?

A: Under the parties' signed tolling agreement, if there is a question about whether the parties are at an impasse, the parties can submit their dispute to the Labor Board to resolve. The Governor has initiated that process. The Board will now determine whether the Governor's filing properly before it and, if so, whether an evidentiary hearing should be scheduled. If a hearing is scheduled, the Administrative Law Judge (ALJ) assigned to this matter will conduct the hearing and, after its conclusion, receive the parties' written submissions. After the ALJ has ruled on these issues, either party can appeal to the Board. The Board will then issue the final decision.

Q: This system sounds biased since the Governor appointed the majority of the members of the Labor Board?

A majority of the Labor Board was originally appointed by Governor Pat Quinn. Governor Rauner re-appointed two individuals Governor Quinn had previously appointed or re-appointed. Significantly, all members of the Labor Board appointed or re-appointed since 2015 were confirmed by a supermajority-Democrat Senate. Furthermore, the Chairman of the Board is John Hartnett, hardly an "enemy" of AFSCME. For many years he was responsible for negotiating collective bargaining agreements on behalf of the State, including many of the prior state contracts that AFSCME now praises. Most importantly, both AFSCME and the Administration voluntarily signed a legally binding tolling agreement providing for the Labor Board to resolve any dispute over whether the parties are at impasse.

Q: Can the Governor impose his last offer on AFSCME while the Labor Board is deciding whether the parties are at an impasse?

A: Under the tolling agreement, the parties must adhere to all statutory obligations regarding good faith negotiations while the Labor Board is deciding the case. Quoting from the tolling agreement, this specifically means there can be no "strike, work stoppage, work slowdown, or lockout" until the Labor Board has determined that the parties are at an impasse. The Governor will comply with these and all other obligations regarding good faith negotiations.

Q: How long would it take for the Labor Board to decide whether the parties are at an impasse?

A: It is hard to predict how long the Board would take to rule. It may be months before a final decision is rendered.

Q: What happens if the Board decides that the parties are not at an impasse?

A: The Governor will respect and comply with the Board's ruling and continue negotiating.

Q: Will the Governor impose his last offer on AFSCME as soon as the Labor Board has decided that the parties are at an impasse?

A: Under the terms of the tolling agreement, it is the Labor Board's right to decide if the parties are at impasse, whether the State has presented its best and final offer, and when it can be implemented. The Governor will accept the Board's direction on these questions. It is critical to mention that the last offer made by the State to AFSCME is virtually identical to the agreements signed by 17 other unions. These agreements were ratified in many cases by over 80% of state employees in those unions. This is not a radical or extreme contract as AFSCME has portrayed, but one that is fair, reasonable, and overwhelming accepted by large portions of state government already. It is also reasonable when compared to our neighbors: under the State's proposal, state workers would continue to make over \$20,000 more per year, on average, than their peers in Indiana and Missouri.

Q: Will the Governor lock out employees?

A: No, the Governor has made that pledge publicly, he has put it in writing, and he renews it today. There is not now and never has been a plan to lock out state employees.